

2011-127 AUDIT SCOPE AND OBJECTIVES—Metropolitan Transportation Commission/Bay Area Toll Authority

The audit by the Bureau of State Audits will provide independently developed and verified information related to the Bay Area Headquarters Authority's (BAHA) proposed acquisition of a new building and administration of toll bridge funds and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review and assess the space needs assessment of the agencies involved to determine the extent to which the space in the new building meets or exceeds their respective space requirements. In addition:
 - a. Determine whether the Bay Area Toll Authority (BATA) and the Metropolitan Transportation Commission (MTC) considered other alternatives to acquiring a new office building.
 - b. Review the MTC's and Bay Area Air Quality Management Air District's (Air District) justification for vacating their buildings and relocating to the new building.
 - c. Identify the plans for disposing of existing buildings owned by agencies involved including MTC, BATA, and the Air District.
3. Identify the funding sources for the purchase of the new building.
4. Review and assess any BATA and MTC policies, procedures, and internal controls to determine if there is adequate separation between the two to ensure that decisions regarding the use of toll revenue are in the best interest of the toll payers.
5. Determine the appropriateness of the use of toll bridge funds to acquire a headquarters building. Specifically:
 - a. Determine whether it is permissible to use toll revenues, including those from the 2010 increase, to acquire an office building.
 - b. Determine if there are any prohibitions against BATA using toll revenues to acquire a headquarters office building that exceeds its space needs to such an extent there is room to lease space to other public entities.
6. Review and assess the cost-benefit analysis related to the acquisition of the new headquarters building to determine if it was reasonable, supported, and considered

alternatives to purchasing a building. Identify the financial risks, if any, that MTC and BATA assumed by acquiring a new office building.

7. Determine the structure of the transaction to acquire the new building and determine if it has any unique features and whether the public interest is protected.
8. Identify whether any of the proposed public agency tenants are taking an equity position in the building. If so, determine the source of revenue and if the tenants are paying for tenant improvements.
9. Review and assess any other issues that are significant to the acquisition of the new headquarters building.